FYI – For Your Information

Special Regulation: Initial Use of Property

Any item purchased for use or consumption by the purchaser is subject to sales or use tax at the time of purchase, even though the item will be resold later in either its original or altered form. A tax-free purchase is taxable in full at the first time it is used by the purchaser for a nonexempt purpose.

(Example: A junkman may not buy a car tax-free under the theory that the car is going to be junked someday and resold through his business for scrap.)

Citation:

Initial Use of Property, Special Regulations for Specific Businesses, 1 CCR 201-5, page 23.



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